# Message Text

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FOR DEPUTY ASSISTANT SECRETARY ARELLANO

E.O. 11652: N/A

TAGS: EFIN, DR, JM, XL

SUBJECT: TALKING POINTS FOR YOUR CONSULTATIONS ON THE CARIBBEAN GROUP

- 1. HEREWITH ARE TALKING POINTS FOR YOUR CONSULTATIONS ON THE CARIBBEAN GROUP WITH OFFICIALS IN THE DOMINICAN REPUBLIC AND JAMAICA. YOUR CARIBBEAN GROUP BRIEFING BOOK CONTAINS AMPLE BACKGROUND MATERIAL THAT CAN BE DRAWN UPON TO EXPAND THESE POINTS.
- -- WE WERE PLEASED BY THE RESULTS OF THE DECEMBER MEETING, AND IN PARTICULAR BY WHAT SEEMED TO US TO BE LIMITED OFFICIAL USE

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WIDESPREAD AGREEMENT ON THE NEED FOR A COOPERATIVE APPROACH TO ECONOMIC DEVELOPMENT IN THE REGION. WE WERE ALSO GRATIFIED BY WHAT APPEARED TO BE A LARGE MEASURE OF AGREEMENT AMONG THE PARTICIPANTS ON THE NATURE OF THE PROBLEMS FACING THE REGION AND THE GENERAL FORM OF POSSIBLE SOLUTIONS.

-- THE DECISION OF THE CARIBBEAN COUNTRIES TO ADOPT A COMMON POSITION AT THE DECEMBER MEETING, AND THEIR SELECTION OF A STATESMAN OF THE STATURE OF FOREIGN MINISTER FORDE OF BARBADOS AS THEIR SPOKESMAN WAS SYMBOLIC OF THE SPIRIT OF THE MEETING. WE RECOGNIZE

THAT THE NATURE OF THE ISSUES TO BE DISCUSSED AT FUTURE MEETINGS MAY NOT LEND THEMSLEVES TO A COMMON POSITION, BUT WE HOPE THE SPIRIT OF UNITY AND COOPERATION DEMONSTRATED AT THE DECEMBER MEETING WILL PERSIST.

- -- THE WORLD BANK IS NEARING COMPLETION OF THE STAFF STUDIES AND PAPERS ON WHICH IT HAS BEEN WORKING, AND SHOULD CIRCULATE THEM TO GOVERNMENTS BY THE END OF THIS MONTH. THERE SHOULD BE AMPLE TIME FOR GOVERNMENTS TO ANALYZE THESE STUDIES BEFORE THE FIRST MEETING OF THE CARIBBEAN GROUP (SCHEDULED FOR JUNE 19-23) AND TO REACH THE NECESSARY POLICY DECISIONS. WE THEREFORE LOOK TO THE JUNE MEETING TO PRODUCE CONCRETE AGREEMENTS AND DECISIONS.
- -- THE WORLD BANK HAS ALSO CONVENED A MEETING OF DONOR NATIONS TO BE HELD IN PARIS ON MAY 16 TO EXCHANGE VIEWS IN PREPARATION FOR THE JUNE MEETING OF THE GROUP. THE US PLANS TO SEND A STRONG DELEGATION TO THIS DONORS MEETING AND WILL ENCOURAGE OTHER DONORS TO BE AS FORTHLIMITED OFFICIAL USE

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COMING AS POSSIBLE AT THE JUNE MEETING IN SUPPORT OF THE VARIOUS PROPOSALS WE EXPECT WILL BE ADVANCED.

- -- WE ARE ALSO CONDUCTING BILATERAL CONSULTATIONS WITH OTHER DONORS, INCLUDING THE U.K., CANADA, JAPAN, AND VENEZUELA, IN AN EFFORT TO ASSURE THEIR COOPERATION AND SUPPORT FOR THE CARIBBEAN GROUP.
- -- THE US HAS SUBSTANTIALLY INCREASED THE LEVEL OF RESOURCES DEVOTED DIRECTLY TO THE CARIBBEAN OVER THE PAST SEVERAL YEARS, AS FOLLOWS:

U.S. ASSISTANCE TO THE CARIBBEAN (A.I.D. DEVELOPMENT ASSISTANCE PLUS PL-480) IN MILLIONS OF DOLLARS

FY 1975 DOLS 32.3

FY 1976 DOLS 86.1

FY 1977 DOLS 97.6

FY 1978 DOLS 95.9

FY 1979 DOLS 119.8 (CONGRESSIONAL PRESENTATION)

THE CARIBBEAN WILL ABSORB ONE THIRD OF OUR AID TO THE HEMISPHERE IN FY 1979. WE LOOK FORWARD TO CONTINUING OUR ASSISTANCE AT LEAST AT THESE LEVELS OVER THE NEXT SEVERAL YEARS

-- A FUNDAMENTAL PROBLEM IN THE CARIBBEAN GROUP WILL BE HOW TO HELP SOME GOVERNMENTS DEAL WITH URGENT BALANCE

OF PAYMENTS PROBLEMS WHILE AT THE SAME TIME ADDRESSING THE MORE FUNDAMENTAL STRUCTURAL AND DEVELOPMENTAL PROBLEMS OF THE AREA. CLEARLY THE IMF SHOULD PLAY THE LEADING ROLE IN ASSISTING GOVERNMENTS TO DEAL WITH BALANCE OF PAYMENTS PROBLEMS, AND SOME DONOR GOVERNMENTS MAY WISH TO PLAY A DIRECT ROLE AS WELL. OTHERS, LIMITED OFFICIAL USE

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LIKE OURSELVES, MAY PREFER TO CONCENTRATE ON LONGER TERM DEVELOPMENT ISSUES, BUT CAN TAILOR THEIR ASSISTANCE SO AS TO MAXIMIZE BALANCE OF PAYMENTS BENEFITS.

- -- WHILE THE CARIBBEAN GROUP WILL OF NECESSITY HAVE TO LOOK AT THE DEVELOPMENT PROBLEMS OF INDIVIDUAL RECIPIENT COUNTRIES, AND TO SOME EXTENT WILL HAVE TO DEAL WITH PROBLEMS COMMON TO THE COUNTRIES OF THE REGION WITHIN INDIVIDUAL NATIONAL CONTEXTS, WE BELIEVE IT IS ESSENTIAL TO INTRODUCE AN INCREASED ELEMENT OF REGIONALITY INTO THE DEVELOPMENT OF THE AREA AND TO MAKE THE REGIONAL APPROACH THE CENTERPIECE OF THE GROUP.

  WE DO NOT EXPECT THAT IT WILL BE POSSIBLE TO OVERCOME THE DEEP HISTORICAL AND CULTURAL CLEAVAGES IN THE AREA OR TO ACHIEVE ANYTHING LIKE ECONOMIC INTEGRATION, EVEN IN PARTICULAR FUNCTIONAL FIELDS, IN THE SHORT RUN. HOWEVER, WE HOPE IT WILL BE POSSIBLE TO EMPHASIZE REGIONAL ASPECTS OF DEVELOPMENT PROGRAMS AND TO STRENGTHEN EXISTING REGIONAL INSTITUTIONS.
- -- HENCE, WE WILL EXAMINE PROPOSALS FOR REGIONAL PROGRAMS BEING FORMULATED BY THE SPONSORING IFI'S IN THE HOPE OF BEING ABLE TO SUPPORT THEM OR AT LEAST WORK IN PARALLEL WITH THEM. WE ARE CONSIDERING OTHER POSSIBLE REGIONAL PROJECTS WHICH MIGHT BE OF INTEREST TO RECIPIENTS AND COMMAND THE SUPPORT OF OTHER DONORS. EXAMPLES INCLUDE APPROPRIATE TECHNOLOGY AND SMALL INDUSTRY DEVELOPMENT, ALTERNATIVE ENERGY SOURCES, AND THE CARICOM REGIONAL FOOD PLAN. WE ENCOURAGE OTHERS TO COME UP WITH PRACTICAL PROGRAMS WITH A REGIONAL COMPONENT THAT COULD BE DISCUSSED AT THE JUNE MEETING.
- -- WE WILL BE CONSULTING WITH OTHER POTENTIAL RECIPIENTS LIMITED OFFICIAL USE

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AS THE JUNE MEETING DRAWS CLOSER, AND WELCOME SUGGESTIONS AND EXPRESSIONS OF VIEWS FROM RECIPIENTS AS THEIR OWN IDEAS AND POSITIONS DEVELOP.

### 2. FOR THE DOMINICAN REPUBLIC ONLY:

-- WE RECOGNIZE THAT THE DOMINICAN REPUBLIC WILL HAVE CARRIED OUT, AT THE TIME OF THE JUNE MEETING, GENERAL ELECTIONS AND THAT THE NEW GOVERNMENT WILL NOT BE INAUGURATED UNTIL AUGUST. THE WORLD BANK HAS INFORMED

US THAT, FOR THIS REASON, THE GODR HAS REQUESTED THAT THE INDIVIDUAL COUNTRY GROUP FOR THE DOMINICAN REPUBLIC NOT BE CONVENED UNTIL THE FALL. WE ACCEPT AND SUPPORT THIS POSITION. HOWEVER, THE GODR MADE AN IMPORTANT CONTRIBUTION TO THE DECEMBER MEETING AND HAS BEEN STRONG IN ITS SUPPORT OF THE CARIBBEAN GROUP CONCEPT SINCE. WE THEREFORE HOPE THE DOMINICAN REPUBLIC WILL SEND A STRONG AND WELL-BRIEFED DELEGATION TO THE WORLD BANK MEETING IN JUNE.

#### 3. FOR JAMAICA ONLY:

-- WE ARE, OF COURSE, FULLY AWARE OF THE CRITICAL SHORT TERM BALANCE OF PAYMENTS SITUATION AFFLICTING JAMAICA AND THE ECONOMIC AND OTHER PROBLEMS RELATED TO IT. WE HOPE THAT THE GOJ WILL HAVE CONCLUDED ITS ARRANGEMENTS WITH THE IMF WELL BEFORE THE JUNE MEETING OF THE CARIBBEAN GROUP, AND WILL BE IN A POSITION TO ADDRESS THE IMMEDIATE AND LONGER TERM DEVELOPMENT PROBLEMS OF BOTH ITS OWN COUNTRY AND OF THE REGION. JAMAICA'S TRADITIONAL LEADERSHIP ROLE IN THE CARIBBEAN, AS WELL AS ITS LEADING ROLE IN THE NORTH/SOUTH DIALOGUE, RENDERS A CONSTRUCTIVE AND POSITIVE APPROACH BY JAMAICA TO THE JUNE MEETING PARTICULARLY IMPORTANT. WE LOOK FORWARD TO JOINING WITH OTHERS TO FOCUS ON THE SPECIAL LIMITED OFFICIAL USE

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PROBLEMS OF JAMAICA IN THE COURSE OF INDIVIDUAL COUNTRY GROUP MEETINGS ON JAMAICA WITHIN THE CONTEXT OF THE OVERALL CARIBBEAN MEETING. VANCE

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